

# Managing Public Policy Issues

*In this article, the authors describe their model for blending and evaluating the tasks of business executives and staffs who deal with public policy.*

*Their model, a systems analysis, suggests paths of study which can help corporate decision-makers develop appropriate stances on public issues, and recommends ways to assess the performances of those who represent the company in this area. The authors conclude that effective responses to issues of public concern cannot be handled solely by public relations staffs.*

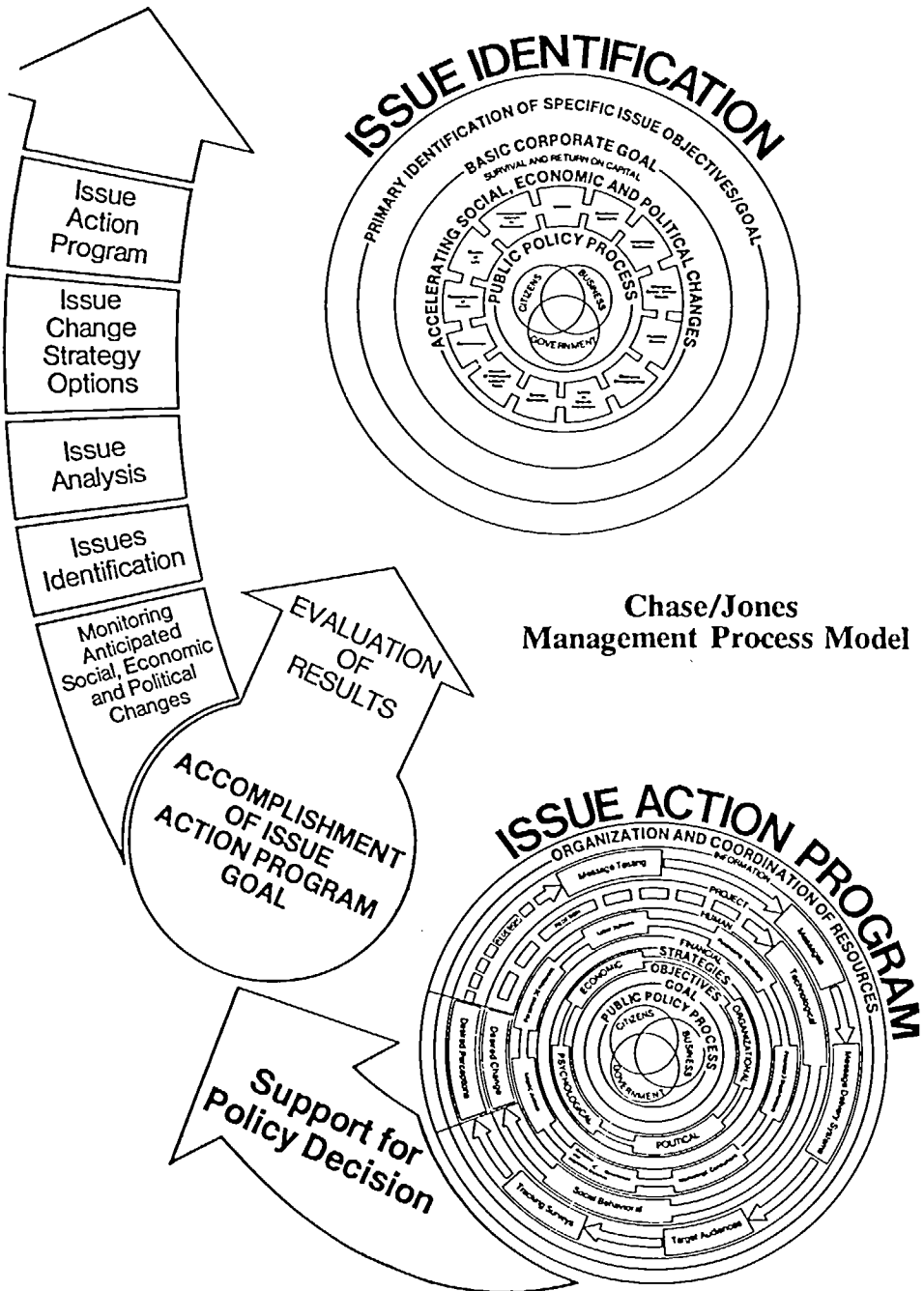
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Despite the billions of dollars companies and their associations have spent on "external relations" (public relations, public affairs, government relations, communications, etc.), business in general has been ineffective in defining and then validating its position on public policy issues.

Explanations or excuses are plentiful. We suggest that the most significant explanation of the failure of business to gain respect for its positions on public issues is that corporate leadership either does not recognize, or ignores, the discernible trends which always precede emerging issues. (In either event, it is obviously impossible to manage issues which are the predictable results of unforeseen trends.)

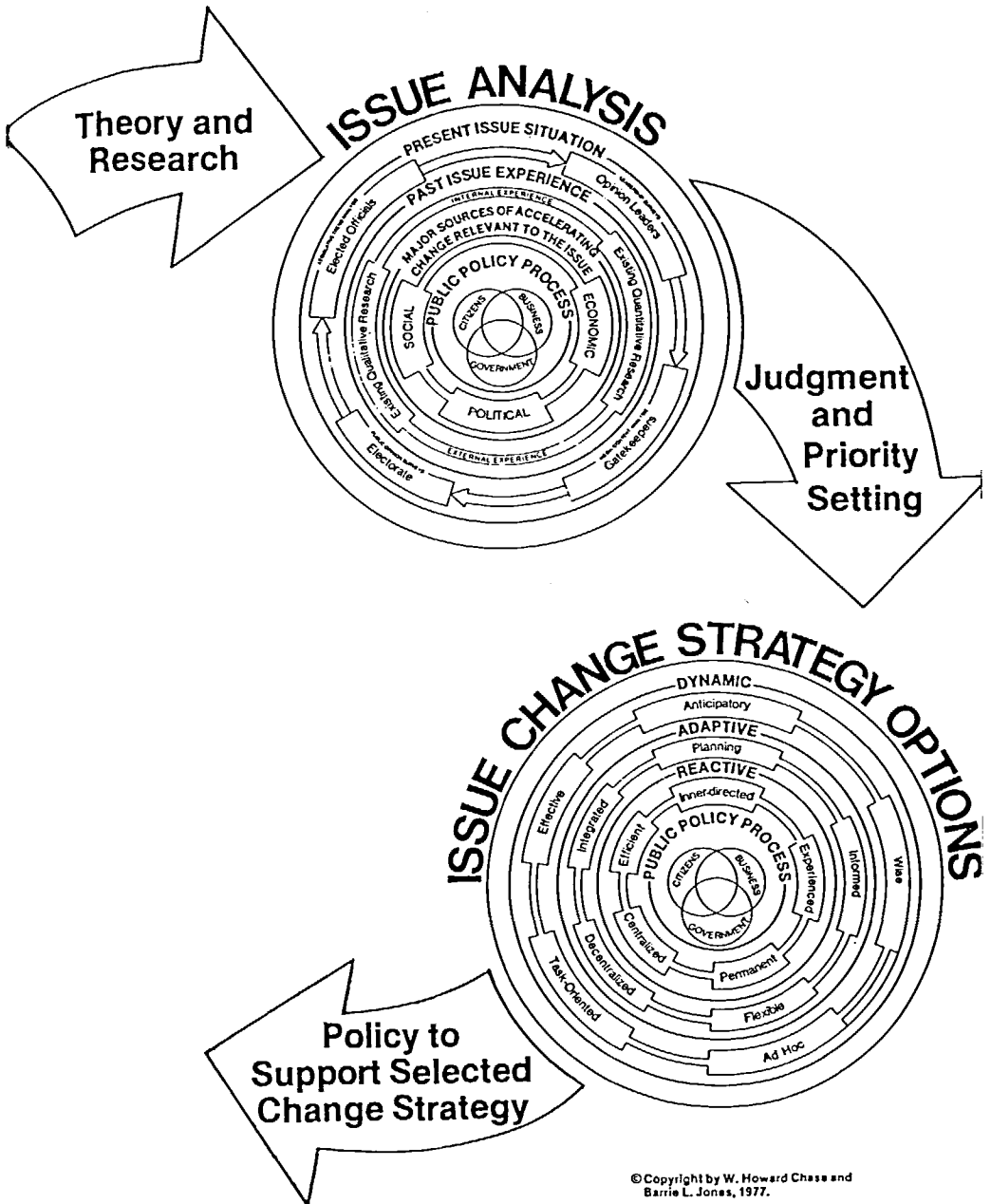
Since the significant introduction of the computer into business (around 1950), professionally-trained management has devised systems for the major profit-center functions (finance, production, marketing, etc.), but has failed to apply a disciplined systems process to public issue and to public policy management. When challenged by today's activism, business tends to react to overt symptoms, rather than by identifying and analyzing fundamental causes of the trend which has led to a critical issue.

It is not surprising, then, that when a critical issue reaches the public policy decision-making point, business finds itself the defendant in the court of public



**Chase/Jones  
Management Process Model**

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## ISSUE CHANGE STRATEGY OPTIONS

### Organizational Characteristics

CHANGE STRATEGY	Action Plane	Knowledge Base	Structure	Operations	Effects
<u>Reactive:</u> tending toward a usually outdated policy not reflecting current social and political reality	<u>Inner-directed:</u> directed in thought and action by one's own thoughts rather than by external forces	<u>experienced:</u> the comprehension of reality based on direct observation of, and participation in, events	<u>permanent:</u> continuing or enduring without fundamental or marked change	<u>centralized:</u> concentrated power and authority around a central person or organization	<u>efficient:</u> producing desired effects with a minimum of waste
<u>Adaptive:</u> an adjustment of a whole organization or its parts that makes it more fit for existence under the conditions of its environment	<u>planned:</u> achieving an end by projecting a detailed formulation of a program of action	<u>informed:</u> based on knowledge gained from investigation, study, instruction, or intelligence	<u>flexible:</u> capable of responding or conforming to changing or new situations	<u>decentralized:</u> dispersing functions and powers from central authority to local authority	<u>integrated:</u> producing consensus within an organization or within society to reach desired mid-range effects
<u>Dynamic:</u> marked by active and productive change	<u>anticipated:</u> considering the past and looking forward to future events or conditions	<u>wise:</u> exercising good sense based on accumulated knowledge, understanding, discernment, and the capacity for sound judgment	<u>ad hoc:</u> concerned with the particular case at hand, or with a particular purpose	<u>task-oriented:</u> an intellectual direction toward a specific action to be completed within a specified time	<u>effective:</u> producing the desired, decisive effect

opinion. Since the CEO has no systems methodology governing the issue management process (until now), all too often he turns to outworn and traditional public relations defense mechanisms. When Churchill announced that he had not become the King's First Minister "to provide over the liquidation of the British empire," that is precisely what he did do. Similarly, it seems quixotic to turn to methods—and to people—under whose public affairs supervision public trust of the business structure has plummeted from about 75% to 18% between 1958 and 1978.

And when business loses its trial before the court of public opinion, it is usually forced to accept costly legislative, regulatory, administrative, or judicial verdicts that severely inhibit the entrepreneurial decision-making function at the cost of loss of productivity.

The major thesis of this paper is that issue management can now be as much a systems process as the management of profit centers. Our subthesis is that we have no hesitation in speaking about corporate public policy management. Public policy is *not* the exclusive domain of government. In our pluralistic society, public policy is the result of interaction between public and private points of view. The corporation, as an institution, has every moral and legal right to participate in *formation* of public policy—not merely to react, or be responsive, to policies designed by government.

### Background for Issue Management Thesis

Erosion of public support handicaps all levels of corporate operations and jeopardizes survival in a politicized economy. As Yankelovich, Skelly and White write: "Senior corporate management must understand that government intervention which affects the bottom line is strongly supported by the public, and for this reason is not likely to diminish in the foreseeable future—indeed, it may increase significantly. Therefore, one must communicate to management that the anticipation of and response to public policy requires a long-term institutionalization of a new function which identifies early and allows sufficient time for analysis and corporate response."<sup>1</sup>

Why should business identify and respond to accelerating social, economic, and political changes? Sixty-eight leaders of business, labor, professions, civic organizations, and governments debated this question at a Spring 1978 conference on corporate governance sponsored by the American Assembly, a nonpartisan forum founded by Dwight D. Eisenhower.

Assembly participants agreed that the corporation has been a vehicle for unparalleled prosperity, but, like other institutions, it must adapt to the times. They also agreed that management, which often lags in recognizing the significance of emerging issues, should increase efforts to anticipate social change and to respond to reasonable public expectations. These efforts are necessary for two reasons. First, society is asking whether material progress is enough, whether private enterprises, especially large public corporations, should not also be expected to fulfill a complex mix of social goals. Second, new corporate "stakeholders" are demanding action on issues such as environmental protection, community renewal, corporate influence overseas, energy conservation,

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and employment of women and minorities. These new stakeholders (consumers, employees, and the community) want the resources and economic power of the corporation used to build a better society.

Management, the Assembly decided, must respond to the needs and expectations of stakeholders, as well as stockholders, because social responsibility and profit are compatible. The Assembly, including its 16 business members, recommended that trade associations and the corporate board have a primary role in interpreting public concerns and emerging demands to management, which then should develop a public issue evaluation system. This system should be a professional resource for monitoring executive decision-making and actions on public concerns. It should also measure the performance of middle and lower management by the public policy consequences of their operations.<sup>2</sup>

Evidence grows that corporate governance is far more flexible and adaptable than state or national governance which establishes the rules for corporate conduct. Corporations not only can respond, but are responding to changing forces. They must do so in order to survive. The overwhelmingly important challenge faced by professional senior management is how to develop and establish a systems approach to the management of public policy issues in order not to surrender corporate autonomy and efficiency to the whims of bureaucrats and activist groups.

Establishing a systems process for the management of public policy issues is an achievable goal. It is consistent with management systems and techniques used in traditional profit-center operations. In fact, ever since Henri Fayol, father of the process school of management thought, refined the concept of long-range planning, and Alfred G. Sloan helped invent the modern corporation, business organizations have moved steadily toward systematization.

Today, most corporations use strategic planning systems to organize and coordinate management of the "four Ms"—money, machines, marketing, and men. But only recently have a few corporations (e.g. Sun, Crown Zellerbach, General Electric, Texaco, Northwestern Bell, Consumers Power, CNA, United Telecommunications, Sperry Rand, and Rexnord) taken steps toward the application of a systems process to improve their effectiveness in the competition for the minds of men, a vital "fifth M" in corporate systems planning.

Success or failure in this competition for public support can be demonstrated to have as much, if not more, impact on corporate productivity and profitability as the management of finance, production, marketing, and personnel. But sound public policy management must start at home—within the corporate structure. John D. Harper, until recently Alcoa's chairman, has written: "When the manager sets out to relate with the society, it is not necessary to go into the inner city or to city hall or to Washington or to any distant place. The central corporate relationship with society occurs within the corporate walls; virtually every corporate decision and practice, every contact with shareholders, employees, suppliers and customers, ultimately has effect upon society and upon the corporation's standing in the society's esteem and

respect. This is an important perspective . . . if we are to keep the corporation in step with our changing society."<sup>3</sup>

Many corporate leaders recognize that their actions or inactions affect the well-being of mankind and that their philosophy, as well as performance, is of proper public interest. For example, at the Sun Company, the Board of Directors has adopted a creed or statement of principles to guide its policies and practices. These principles or board-accepted truths require the establishment of public policy management at the highest level of executive responsibility. Three of Sun's principles in particular illustrate the need for public policy management within every corporation. Sun believes that such management must:

- nourish societal values, as well as perform profitably;
- conduct its affairs responsibly; and
- respect the needs and aspirations of others while seeking their understanding of the policies and practices of the company.

In the words of David Rockefeller, chairman, Chase Manhattan Bank: "Participation in public policy is both a basic responsibility of corporate executives and a management function which, like any other, must be approached with systematic business discipline. Corporations must establish public policy objectives, set priorities, implement a working plan and set guidelines for measuring their success. In the world of today, the diverse activities we call government and public relations, lobbying and issue advertising, must all be part of an integrated management strategy."<sup>4</sup>

But these examples demonstrate only that certain thoughtful leaders are describing the need for a breakthrough in corporate design and practice in order to manage corporate public policy issues at least as well or better than profit-center operations.

### How the Public Policy Management Model Works

The Chase/Jones Issue Management Process Model offers senior executives a resource for integrating diverse line and staff functions into a systems process for public policy management. Use of this model incorporates public policy planning into every operational unit of the companies which adopt it. The model increases in sophistication with real-world experience; actual corporate application has already resulted in considerable refinement to meet the realities of individual organizational structures and management styles.

The model is best described by what it represents. First, it embodies a results-oriented philosophy of management, combining solid management technique with the growing knowledge available from the social, political, and communication sciences. It guides the anticipation and management of change, based on both theoretical observation and practical experience. The model identifies the significant aspects of public policy decision-making, directing attention away from irrelevant variables or unimportant circumstances. It focuses on the root causes and effects of these decisions.

The Issue Management Process Model is a tool for predicting the effect of internal and external environmental changes on the performance of the overall corporate system. This tool assigns decision-making authority and perform-

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ance responsibility, and provides for review and evaluation of issue manager performance.

Second, the model represents a system approach, consistent with IBM's Management Business System as it is applied to the management of profit-center operations. Every system is composed of interrelated and interdependent institutions, activities, and values, which are systems themselves. The model integrates the functions, processes, and interactions of these subsystems. As Cleland and King say in *Management: A Systems Approach*, the output from one subsystem is simply the input to another subsystem. Other exchanges occur among the subsystems and between the system and the larger environment in which it operates.

Third, the model provides a template for the process necessary to integrate various systems, which by concept are static—they don't move independently. The process is the dynamic actions or operations, described in the model, which propel the overall system.

To understand the dynamics of the issue management process, imagine the model as a pond, and public policy issues as stones. When a stone drops into a pond, ripples move outward and form concentric circles. When an issue is dropped into the public policy process, at the heart of the model, the resulting ripples disturb the smooth functioning of business. How great these disruptions will be depends on their size, number, and how they interact with each other to affect public policy decisions.

Within the public policy process are three decision-making groups: citizens, business, and government. No one of these groups makes public policy decisions independently. They are interrelated and interdependent. Like the pond, they are elements of a larger ecosystem. They are influenced by the actions or inactions of each other, by those of institutions such as the church, family, labor unions, media, and educational establishment, and by the individual and institutional values supporting an even larger environmental system.

As one element of this larger system, business must respond to forces in the public policy environment. *The predicament facing business today is whether it can act in a manner acceptable to citizens and government.* One encompassing definition of public policy is simply that it is whatever the people and their governments finally do—or do not do.

Who sets the government agenda? Activist groups most often set the public policy agenda by combining propaganda techniques with computer-age technology. First, they create a perceived need for their reform idea in both special-interest and establishment press and before forums of intellectual or opinion leader audiences. Second, they create the appearance of legitimacy for the idea through studies, third-party validation, and ultimately through public referenda or government decisions in bellwether nations, states, or communities. Then, they further employ organizational development, direct mail, and other techniques to broaden their constituency and to extend their idea across this nation and other industrialized societies.

Politically-astute activists demand that business leaders change the way they do business. In the face of such challenges, a CEO is left with two choices: in-



action or action. If he doesn't act, his adversaries will. And then he will be defending himself on their turf, not his.

If the leader does act, the Chase/Jones Issue Management Process Model provides five steps to manage public policy issues systematically. These steps are diagrammed as a series of concentric circles. They are: (1) Issue Identification, (2) Issue Analysis, (3) Issue Change Strategy Options, (4) Issue Action Program, and (5) Evaluation of Results. Again, the public policy process is at the heart of the model and each of its five steps. The circles that emanate from this central process as rings and subrings show the order, interaction, and progression within each step.

### Issue Identification

The adversaries of the modern corporation may be skillful in setting the public policy agenda, but issues do not evolve overnight. *Issue Identification* starts with consideration of trends, which precede issues. "Accelerating Social, Economic, and Political Changes," the first ring in this step, includes 13 trends that may coalesce into specific issues. An issue is an unsettled matter which is ready for decision. Trends, on the other hand, are detectable changes which precede issues.

The model allows for both quantitative and qualitative study of the future. In fact, many corporations maintain futurist experts and departments for the exclusive purpose of studying and reporting on trends. They are using scenarios, extrapolations, cross-impact matrices, Delphi polls, models, games, simulations, and other methodologies to forecast the impact of change on their organizations. General Electric, General Mills, Prudential, the Sun Co., General Telephone and Electronic, and Ford Motor Co.—to name only a few—have all conducted recent studies of trends which may affect the future of their business. Private organizations (e.g. the Hudson Institute), government (e.g. the White House), professional societies (e.g. the World Future Society), and individuals (e.g. Alvin Toffler, Graham Molitor, Glenn T. Seaborg, and Isaac Asimov) are also conducting and publishing studies of the future. Each and every one of these studies is a resource for the corporation that wants to look at the future business environment but is not ready to establish its own "futures" department as an early step in the issue management process.

Any one or a combination of these futurist methodologies and sources aids the manager of corporate public policy. They: (1) provide useful frameworks for decision-making and planning; (2) identify future dangers and opportunities; (3) suggest a variety of possible approaches to solving a problem; (4) help assess alternative policies and action; (5) enable people to see the present more clearly; and (6) increase the degree of choice.<sup>5</sup>

If the corporation doesn't take advantage of futuristics, it may find itself unprepared to face issues that later invite adverse public policy decisions. These decisions can handicap corporate effectiveness and jeopardize future survival and return on investment—the "Basic Corporate Goal" in the second ring of Issue Identification.

No company can simultaneously manage every issue. Therefore, companies need to develop procedures for identifying and sorting out the issues of

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primary concern to their current operations ("Primary Identification of Specific Issues," the last ring in this step).

Dr. Robert Moore, emerging issues coordinator for The Conference Board, has listed seven different procedures for identifying issues. These procedures are: (1) designation by the chief executive officer; (2) informal discussions among senior executives; (3) structured polling of senior executives; (4) selection by a staff unit for senior management consideration and refinement; (5) identification by division or profit-center managers; (6) formal exploratory planning beyond the typical limits of corporate strategic planning; and (7) scanning by staff volunteers of a wide variety of publications.

Regardless of the procedure used, the primary goal and objective of the Issue Identification step is to place initial priorities on emerging issues. They can be classified by:

- type (social, economic, political, technological);
- impact and response source (business system, industry, corporation, subsidiary, department);
- geography (international, national, regional, state, local);
- span of control (noncontrollable, semicontrollable, controllable); and
- salience (immediacy, prominence).

At this stage, the wheat is separated from the chaff. Each issue emerging from Issue Identification will undergo, separately, the last four steps of the model. And the corporate response to each issue can be managed with the same expectation of effectiveness as for any other systematized line or staff operation of the corporation.

### Issue Analysis

After Issue Identification, those issues of most importance to the corporation are then subjected to *Theory and Research* in the second step of the model, *Issue Analysis*.

Again, the model starts from the public policy process at the center. The first task of Issue Analysis is to determine the origin of the issue. The first ring, "Major Sources of Accelerating Change Relevant to the Issue," lists three generic sources of ferment: the social, economic, and political trends, forces, and events which affect the public policy process.

Few issues evolve neatly from one source. The controversial issue of roadside litter is a good illustration. The social concerns of environmentalist leaders have evolved into a full-blown political issue, culminating in "bottle bill" legislation with disruptive economic consequences, according to industry observers. Major changes fueling the "bottle bill" issue include fluctuating social and ethical values, the limits-to-growth and quality-of-life movements, energy concerns, the growth of pluralistic politics, and inflation. Sociologist Daniel Bell has characterized the impact of such accelerating change on the business community: "The corporation operates in a social and political context in which it has to be responsive to external issues. In fact, one can say

that that which is social today becomes political tomorrow, and economic (in costs and consequences) the day after."<sup>6</sup>

Since no practical business manager can manage issues that are isolated from the real world, the issue analysis arising from relevant social, economic, and political changes must be measured against "Past Issue Experience." Within this ring are two large boxes, labeled *Existing Qualitative Research* and *Existing Quantitative Research*, connected by narrow bands containing the words, *Internal Experience* and *External Experience*. Here existing knowledge of the issue is compiled and put into useful form. If the organization has had success or failure in managing an issue, the reasons for that past performance should be collected and reviewed in their raw form (qualitative) and, if necessary, subjected to more rigorous analysis (quantitative). This knowledge may come from within the organization (internal experience) or from other sources beyond the corporation's own resources (external experience).

Existing quantitative research is the easier of these two types to describe. It consists simply of data that have been analyzed. External sources of quantitative research include opinion polls conducted and published by Yankelovich, Skelly and White, Inc., Cambridge Survey Reports, and Opinion Research Corporation, etc., and other types of studies by "think tanks" such as Arthur D. Little and the American Enterprise Institute. If the corporation is a national one, internal quantitative source might include data from states or localities where public policy decisions have been made, and information collected and quantified on the causes and effects of these decisions.

Existing qualitative research is used in the form in which it was collected. External sources include reviews of periodical literature to determine what influential leaders and publications are saying about the issue. Internally, qualitative research could draw on the experience of employees and associations.

By this point in the analysis of an issue, the manager should have a fairly clear idea of its origins and evolution. By analyzing the accelerating sources of change along with the existing studies, polls, and experiences relevant to the issue, the issue analyst should now be able to refine further the issue and its impact on the organization. This pragmatic refinement is necessary to avoid expensive waste in the next ring of analysis, "Present Issue Situation."

No organization should conduct more original objective research than it needs. However, if existing research is inadequate, the "Present Issue Situation" analysis determines precisely the current intensity of the issue in the public policy process. It demands applied research about the relationship of the issue to the corporation. The four boxes within the ring list, in bold print, those groups which have the most to say in the diffusion of an idea or reformist demand, from *Opinion Leaders*, to mass media *Gatekeepers*, to public opinion held by the *Electorate*, who influence the decision-making of *Elected* and other government *Officials*. In fine print are the means or methodologies of determining the priority of the issue in the estimation of each group. On any given issue, not all four methods (*leadership surveys*, *media content analyses*, *public opinion surveys*, and *legislative trend analyses*) may be necessary to develop adequate information for making judgments and setting corporate

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priorities on the issue. However, as is true in any systems process, to ignore any part of it may represent a perilous complacency.

The first methodology, leadership surveys of opinion leaders, reveals some of the most cogent insights. Opinion leaders in a community, state, or nation are those who have the stature, awarded by followers because of their visibility or competence, to influence attitudes or overt behavior in a desired way with relative frequency.<sup>7</sup> Categories of opinion leaders selected for interviewing include persons from public interest groups, politics, business, labor, the law, or the church. These leaders are extremely effective in setting the mass media agenda on high-priority policy issues. They create the messages, the media transmit them, and public opinion, as we shall see, is significantly influenced.

The media content analysis studies the patterns of newspaper and magazine coverage on any given issue. Defined more fully, "Content analysis is a phase of information-processing in which communication content is transformed, through objective and systematic application of categorization rules, into data that can be summarized and compared."<sup>8</sup>

Data collected can be analyzed and cross-tabulated by a computer-assisted program according to any number of relevant criteria. One of the authors, Barrie Jones, has conducted a media content analysis for a coalition of seven national trade associations based on these five criteria: (1) the source of the statement; (2) the intent of the statement; (3) the target of the item; (4) the theme or message; and (5) the tactic of which it is a part, or which it represents. The purpose of this particular analysis was to seek objective information on how the media gatekeepers were communicating the issue of restrictive container legislation through the news and editorial columns.

According to Maxwell McCombs, the mass media do not tell people what to think; they tell people what to think about. That is, the media determine which issues—and which organizations—will be put on the public agenda for discussion. This is called the media agenda-setting function, and its importance cannot be overstated. "Consideration of public opinion usually focuses on the distribution of opinions pro and con once an issue is before the public. Agenda-setting directs our attention to an earlier stage in the public opinion process, the stage at which an issue emerges. At this point of initial emergence and opinion formation, policymakers and planners still have numerous options at hand. Once an issue is highly salient and opinions are largely shaped, public relations may be limited to a defensive posture or a redundant 'me too-ism.' Effective public relations requires lead time and opportunities to communicate before an issue is approaching its zenith. Knowledge of the agenda-setting process and its role in the formation of public opinion can provide these opportunities for effective public relations at the time issues are first emerging on the public agenda."<sup>9</sup>

Applied field research validates the effectiveness with which the opinion leaders use the mass media gatekeepers to set the public policy agenda and influence the formulation of public opinion. There is a positive correlation between what is printed in the newspaper and what people think. Again, Jones

used a computer-assisted analysis to compare published opinion (media content) with public opinion on the "bottle bill" in Connecticut. There was a positive rank order correlation to the 91st percentile between published and public opinion, statistically valid for the sample sizes involved.

Public opinion surveys of the electorate are like a photograph; they freeze today's reality in time, making it available for later reflection. These data are accurate, although they soon become dated. Public opinion surveys should be used when needed, but not unless the sponsor has a clear idea of what he wants to find out. Like the other Issue Analysis methodologies, public opinion surveys have both advantages and limitations. For example, public opinion surveys measure the degree of public acceptance of the corporate point of view, but they do not measure consensus understanding, accuracy, and congruency between a corporation and its publics on issues of mutual interest. These indicators can be measured, as a supplement to public opinion findings, with another methodology, coorientational analysis.

Public opinion does not have a one-to-one relationship with the action of elected officials. In the words of V. O. Key, Jr.: "To note that opinion on many issues is restricted to small sectors of the population is not to assert that these small blocs of popular opinion are, or may be, ignored by government. . . . One of the major problems of popular government consists in the determination of when to yield, and when not to yield, to their demands."<sup>10</sup> Thus, the utility of legislative trend analysis is to determine the predisposition of elected officials to vote one way or another on a particular issue.

Although company lobbyists can provide reasonably accurate accounting of how various legislators are likely to vote on a given bill, two other reliable methods of legislative trend analysis can be used. The first is the anti-industry ranking system developed by public interest groups as a scorecard of how legislators have voted in the past. While this ranking is statistically valid, voting behavior path analysis can also be used. Up to 200 variables can be fed into a computer-assisted program to reveal direct and indirect effects on legislators, the relative contribution of each effect, and whether one variable influences another positively or negatively, and to what extent.

Combining legislative trend analyses with the other three methodologies to analyze the present issue situation, the manager will have scientific data detailing corporate strengths and weaknesses on the issue. Deciding what action to take based on these data, and information from past issue experience, requires *Judgment and Priority Setting*. The use of qualitative judgment and quantitative decision-making science will help set priorities among the issues and will help select the most feasible and practical response to individual issues.

### Issue Change Strategy Options

Selection among alternatives takes place within the third step of the model, labeled *Issue Change Strategy Options*. Here, basic decisions are made on the corporation's response to challenges or opportunities posed by any one issue within the public policy process. An issue change strategy option is a choice

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among carefully selected methods and plans for achieving long-term corporate goals in the face of public policy issues, a choice based on the expected effect of each method of employment, costs, sales, and profits. In selecting an issue change strategy option, an organization decides whether or not to fight, on what battlefield, and when.

Organizations have reason to feel uncertain about their self-direction in the face of rapidly accelerating social, economic, and political changes. The management of change is the critical function which must be maintained both within the existing corporate structure and in the public policy arena. Executives must choose between directing or *not* directing change. If they do not manage change, the corporation will lose self-direction, and the possibility of becoming a victim of other-directed change will increase significantly.

However, there are alternatives to being a victim of change. These options are represented by the "Reactive," "Adaptive," and "Dynamic" rings. Choices here are not mutually exclusive, and do not indicate value judgments about the change strategy option chosen. They are only "good or bad" depending on how well they work.<sup>11</sup>

The "Reactive" change strategy can be summed up when management says, "Let's stonewall this issue." This strategy is a continuation of past behavior, in that the organization is reactive to the initiatives of interest groups as well as elected and appointed officials. Using this strategy the organization attempts to postpone public policy decisions with tactical maneuvers. This is sometimes acceptable, but more often this delaying game leaves little time for legislative, regulatory, administrative, or judicial compromises, and the organization itself can become a victim of change. Ian Wilson of General Electric illustrates this strategy by the "perceived failure of business to deal adequately with the conflicting claims of the energy crisis and a clean environment."<sup>12</sup> This led to party platform planks and bills to control business growth and investment, and to restructure major industries.

The "Adaptive" strategy implies an openness to change. It relies on planning as a tool to anticipate change and to offer an accommodation, within or outside formal adversary proceedings, before unacceptable reformist demands are legislated or mandated into public policy. The work of Virginians for a Clean Environment (VCE) is an example of the adaptive strategy applied to an issue already subject to formal government proceedings. This group, members of the Virginia Beer Wholesalers and Soft Drink Associations, created a climate of opinion receptive to alternative solutions to roadside litter. The efforts of VCE resulted in the death, in legislative committee, of a restrictive "bottle bill" and the substitution of the Model Litter Control Act. This nonpunitive alternative attacks the litter problem without disruptive side effects on business, the consumer, or the development of solid waste management technology.

The National Coal Policy Project is an example of constructive dialogue and accommodation outside the framework of government intervention. It was an effort by two previously warring factions of society to see each other's point of view on the use of the nation's coal reserves. The Project was started in 1976 when Gerald L. Decker, corporate energy manager for Dow Chemical, ap-

proached Larry Moss, former president of the Sierra Club, to suggest a working compromise between knowledgeable and respected industrialists and environmentalists.

The policy project leaders adopted guidelines recommended by Milton R. Wessel in *The Rule of Reason*, a sustained essay on how to transform issue differences into mutually acceptable programs. Under the aegis of Georgetown University's Center for Strategic and International Studies, these two long-time adversary groups agreed on more than 200 steps that the nation can take to use its coal reserves to the optimum advantage of both public and private interests.

The third mode of response is the "Dynamic." This strategy anticipates and attempts to shape the direction of public policy decisions by determining the theater of war, the weapons to be used, and the timing of the battle itself. In other words, the company employing the dynamic strategy directs change by developing *real* solutions to *real* problems with *real* results. The work of the beverage and container industries, this time in California, illustrates this option. In 1977, California had no statewide restrictive container law, or "bottle bill." Rather than opposing such a bill, or compromising to address the aesthetic problem of roadside litter, industry became the leading advocate of S. B. 650. This law combines many of the social/behavioral approaches to solving the litter problem through education, increased availability of equipment, and enforcement of antilitter laws. Significantly, S. B. 650 also incorporates several real low and high technology solutions, e.g. recycling and solid waste management, to the larger problem of resource recovery, reuse, and the creation of energy from solid waste. This approach not only addresses the visual problem of litter, but also offers solutions to the very real problems described. In short, industry selected a dynamic strategy and became proponents of positive social change. At the same time, industry protected its current production and distribution patterns as determined by competition and consumer choice.

The Dynamic option can be used in combination with the Reactive and Adaptive to create a fourth change strategy option that is pragmatically realistic over time. This combination can work to address short-, mid-, and long-range problems by priority.

Timing is vital in making such strategic choices and changes. The manager's timing decisions are significantly influenced by five forces: (1) the risks inherent in the situation; (2) the confidence he has in his information; (3) the accuracy of his forecasts; (4) the likelihood that the matter may be self-healing; and (5) the direction of affairs.<sup>13</sup> Timing is also essential for the development of editorial and political support for the company's position.

### Issue Action Program

After the choice of a method or plan for responding to each issue, senior management must adopt *Policy to Support the Selected Change Strategy*, and thereafter give total executive commitment to it. Policy sets the broad limits within which the *Issue Action Program* takes place. Within these limits, public

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policy managers become strategists, responsible for organizing and coordinating tactical resources to reach the issue action program goal.

At the center of the Issue Action Program step is the familiar triad of the public policy process. In this step, the corporation brings together prior research, analysis, and priority setting to become an effective participant in the public policy debate.

In deciding the outcome desired from the action program, the organization establishes a "Goal," the first ring in this step. A goal provides program direction and thrust in terms that are broad, yet specific as possible. In the next ring, "Objectives" are determined. These program objectives are narrower in focus and expressed in definite, measurable terms. Together, the goal and objectives set the standards for reviewing and evaluating the performance of issue managers.

In the "Strategies" ring, the issue manager identifies the organizational, political, psychological, and economic means and resources he or she will marshal to provide maximum support for reaching the program's goal and objectives. An interdisciplinary outlook, drawing elements from organizational development, political science, social science, and economics, is essential to facilitate the manager's selection of strategies.

Once the strategies are chosen, "Organization and Coordination of Resources" are vital to program efficiency and effectiveness. These resources, divided in the four subrings, are *Financial*, *Human*, *Project*, and *Information*. They represent the tactical resources for developing the issue action program and achieving its specific goal. Tactics are simply planned maneuverings of money, people, deeds, and information to execute a program. Indeed, an issue action program itself may be a mere tactic in a larger program for the achievement of a broader corporate goal.

The innermost of the four tactical rings, *Financial*, is self-explanatory. How much money is the organization willing to spend to manage a given issue? Allocation of money is not enough; economic assets alone will not make problems go away. The realistic issue manager, like a plant manager facing a production decision, must carefully allocate his financial resources to maximize acquisition and application of the available human, project, and information resources.

The next set of resources is labeled *Human*. These resources include familiar line and staff functions and their accessible constituencies: Financial/Stockholders, Marketing/Consumers, Government Relations/Executive and Legislative Officials, Legal/Judiciary, Personnel/Employees, Labor Relations/Unions. Others could be added: Press Relations/Media, Sales/Wholesalers, etc. The astute executive will realize that the functional managers listed here are a daily source of feedback, as well as an information channel to earn constituency understanding and support for the program. For example, Reginald Jones, chairman and chief executive officer of General Electric, agrees with Irving Kristol's statement that "the corporation, as never before, needs a constituency."<sup>14</sup> There is apparent support for this idea among executives at Atlantic Richfield, General Motors, Sperry Rand, PepsiCo, Baltimore Gas and Electric, the Aluminum Association, Smith-Kline, and the Association of



Detroit Edison Shareholders. They are developing and mobilizing groups of employee or stockholder supporters to speak up for their corporation in the debate over public policy.

To be successful in this debate, executives must draw upon all the experience and skills of the institution, without regard to historic divisions between line and staff. The issue management process will help executives analyze the strengths and weaknesses of their interrelated and interdependent human resources, in order best to utilize their combined knowledge, experience, skills, and artistry. This synergistic use of discrete line and staff resources ensures that available human resources will be used to their full capacity. Their combined and cooperative actions will have greater effect than their actions taken separately.

This process clearly suggests an interdisciplinary task force approach to issue action programming, with talented members drawn from both line and staff. On the basis of their experience, William H. Gruber and John S. Niles say that the new management of future firms "will effectively integrate the experience and intuition of line executives with the specialized knowledge of staff professionals."<sup>15</sup>

Line and staff roles can be blended, without disrupting the existing organizational structure, to integrate management resources to improve corporate advocacy in the public policy debate. The Sun Co., for example, has started this process in two ways. First, some Sun executives have recognized the need to apply a systems approach to issue management decision-making and to long-range public policy planning. Second, they have created discrete, yet interrelated functional networks within the existing organizational structure that can be adapted to public policy management.

Before the human resources can effectively sustain the company's position on the issue, they must have credible *projects*, the next ring outward, to build a platform for their communications. Advertising, speeches, or newspaper stories are important and valuable in influencing attitudes and opinions. But as Irving S. Shapiro, chairman of the Business Roundtable and chief executive officer of DuPont, says, "You build confidence not by taking ads in newspapers but by performance that convinces the public that what you're doing is compatible with its interests."<sup>16</sup>

Whether the issue action program persuades its audiences is not as dependent, then, upon the messages used as upon the quality of the projects or deeds the messages represent. Effective projects are those deeds which not only build a case for the organization's position, but also represent the development of real solutions to real problems by priority. There are two types of projects—technological and *social/behavioral*.

An example of the technological project is Reynolds Metals' successful establishment of aluminum can recycling centers. Originally, these centers were part of a public relations program to provide the company with a visible answer to its litter-minded critics; since that time they have become self-sustaining profit centers. The National Bank of Detroit's (NBD) Criminal Justice Forum is an illustrative social/behavioral project. NBD felt that the city's soaring crime rate and the resulting social unrest was a threat to society

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and its own business. NBD sponsored a series of public forums at which nearly 20,000 citizens heard the facts, discussed them, and then responded with letters and votes to change those parts of the criminal justice system which were failing in practice. The citizen action generated by the forums has resulted in several new state laws on crime which are acceptable to the bank and to the public. Technological and social/behavioral projects can also be combined, as previously illustrated by the industry-sponsored bill, S.B. 650, in California.

If successful in solving or redefining the problem in the minds of concerned audiences, the selected projects will bring about the *desired change*. If the projects are not successful, the manager must *redesign, delete, combine, expand, or intensify* them to build a more credible platform for the information program.

The next and last tactical resource ring is *Information*. As illustrated, it begins with *message testing*, and then proceeds on the basis of what Harold D. Lasswell says is "a convenient way to describe an act of communication: Who, Says What, In Which Channel, To Whom, With What Effect."<sup>17</sup> Human resources mobilized as credible organization and third party spokesmen are the "who" of the communication process. Projects build platforms to support a hierarchy of *messages*, subject to message testing. Once the messages have been tested and approved, there are only three message tactics: what to communicate, when to communicate, and when not to communicate.

The ideal communication program does not rely solely on mass media, but rather blends mass media with interpersonal *message delivery systems*. The blending should be based on such considerations as the power of each delivery system to inform, persuade, and invoke desired action. Although the mass media are the source of most information received by the public, this does not mean that public opinion can be easily formed, or swayed, by such means. Communications researchers have found that information which does not support an individual's beliefs creates psychological tension (cognitive dissonance). The individual is generally less receptive to information that does not agree with his predispositions (selective exposure); he will single out those media and messages which support his biases (selective perception). When he recalls information which enhances his needs, values, and views (and suppresses opposing facts and arguments), it is termed selective retention.

In other words, the mass media are probably most effective in two situations. First, mass media should be used when they appear to have a good chance of influencing those already disposed to the corporate position on an issue. Second, activist and public interest groups have demonstrated that the mass media can be used to create the impression of a large and stable political support base, which may or may not reflect reality. Emotions often surround complex public policy issues, and the press generally treats the issues superficially, because of its limited time, space, and staff. Thus, the managers of the action program should seek mass media coverage in situations where they can select the presentation and message format to reach target audiences.

*Target audiences* should be placed on a continuum of attitudes and opinions, ranging from the hardcore adversaries with a negative attitude, to current constituents with a positive attitude toward the corporate position on

the issue. The distinction this continuum makes between attitudes and opinions of various target audiences is important. Transient opinions often become ingredients in the constant, gradual reformation of attitudes. In other words, an opinion is a belief stronger than an impression, but weaker than an attitude which indicates a readiness to act.

In the middle of this continuum are the groups and individuals whose opinions are probably changeable, pro or con, within a short time frame. As any good politician knows, elections are won by strengthening the support of current constituents, while communicating with these swing voters (undecideds) to neutralize the claims of adversaries. But to be persuasive, the substance of selected communications must be compatible with the dynamic social, economic, and political forces in the environment where the seing voters live and work.

Communications theory and research will help the issue manager design an acceptable information program, reaching target audiences through appropriate media with credible sources and messages. *Tracking surveys* will measure the effects of communications on groups and individuals, at varying times during the program. This research will determine whether the campaign is creating the *desired perceptions* necessary to earn public support for corporate policy. If desired perceptions are not created, the model provides for the *redesign* of communication programming.

To earn *Support for the Policy Decision*, an accepted management technique, such as critical path analysis, should be used to schedule, coordinate, and control the many discrete, yet interdependent tactical resources. Application of such techniques will enhance effective "Accomplishment of the Issue Action Program Goal," which in turn leads to the last step, *Evaluation of Results*.

### Evaluation of Results

Although the organization may have accomplished its issue action program goal, it has not yet completed the issue management process. Executives must evaluate the real versus intended program results and subject the program managers to performance review. They must also continue monitoring anticipated social, economic, and political changes. The Issue Management Process Model provides this framework, combining a management philosophy with an ongoing systems process to help executives identify, analyze, and manage public policy issues in a populist society experiencing discontinuous change.

### Conclusion

"These are times," says John Debutts, former chairman and chief executive officer at AT&T, "that demand not a dramatic leadership but a reasoning one, a leadership disciplined by experience in matching aims to the resources necessary to achieve them, a leadership unafraid of complexity and confident that complexity can be managed."<sup>18</sup>

From complete adaptation and use of the Chase/Jones Issue Management Process Model, three conclusions clearly emerge:

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(1) Most, if not all, of the contemporary corporate or institutional practices variously labeled public relations, public affairs, government relations, and communications (which in combination represent annual expenditures of billions of dollars) *are inadequate in themselves for systems management of public policy issues*. They are aggregations of specific skills and techniques for use when, as, and if the management of issues requires them.

(2) Just as the older functions of personnel, employee relations, and labor relations are being rapidly regrouped into the larger executive concept of human resources, *it is inevitable that corporations will create a new senior or executive vice president for public policy*.

(3) *The public policy manager will use a systems planning methodology*. It will integrate public policy considerations into decentralized operations, subject to appropriate corporate controls. In other words, this methodology will be a "who-does-what-and-when" roadmap for injecting the issue management process, described herein, into the corporation's overall planning system and into each of its operating units.

Finally, we observe that this systems approach to public policy management is precisely applicable to the decision-making process on every major issue that confronts the profit-center executive.

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